Further Education provider specialisation:

International experiences and lessons for England

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Abstract: The article enquiries about why some countries have specialised their Further Education provision more than others, focusing on three types of specialisation: specialisation by subject, by geographical area and by age group. The article proposes an analytical framework to understand the drivers for Further Education provider specialisation, based on four variables: inputs to the Further Education system, regulatory framework, demand and supporting clusters. It then applies this framework to review the experience of Germany, New Zealand and The Netherlands in recent years. Drawing on this review, the last section of the paper provides some lessons for England and issues for further debate. We conclude that the model proposed helps to explain the evolution of provider specialisation in the countries covered and that the UK's current specialisation profile suggests that greater efforts should be put on increasing geographical specialisation, whereas action in stimulating further specialisation by subject and age group should be subject to caveats.

Introduction[1]: outline of the explanatory framework

This paper analyses the way three countries have specialised their FE provision during the last ten years and why. Second, it draws policy lessons for England's General FE Colleges, in the light of the international experiences reviewed. The literature on Further Education's (FE) organisational arrangements in the UK has not addressed the subject of provider specialisation greatly. Debates have tended to concentrate on the analysis of collaboration between providers, and particularly mergers (Foster 2005; KPMG 2003; Huddleston and Unwin 2002), rather than on their degree of specialisation. A recent exception is Edem et al. (2003). Whilst this work is useful to describe and compare the degree of specialisation of different types of providers it does not attempt to explain how and why different degrees of specialisation occur and their consequences for learners and educational establishments. In other words, this work is centred on outputs, rather than processes.

[1] This article is partly based on previous work by the author and colleagues for the Department for Education and Skills (DfES). See Souto Otero and McCoshan (eds.) (2004).

We argue that, for understanding these processes, four variables need to be considered: demand, inputs, regulatory framework and supporting clusters. Demand is related to the degree of sophistication of the systems' clients. Having students or industry bodies that continuously push for receiving tuition in the latest developments in the subject area of their interest provides incentives for specialisation. To meet demand, inputs to the FE system are needed. The nature of inputs to the FE system will therefore also shape the degree of specialisation of FE institutions. To take an example, specialised colleges need academic staff with up-to-date specific industry knowledge, and industry-specific equipment. Third, different regulatory frameworks can favour higher or lower specialisation and collaboration between FE providers. Some systems favour mergers above co-operation agreements and vice-versa. They can also provide financial or other incentives for specialisation. Qualification and accountability systems may be well suited to encouraging specialist provision or may be a substantial obstacle towards it. Finally, whether there is a local network of supporting clusters (in terms of both industrial clusters and cluster of training providers) will affect the specialisation strategies of training institutions. For instance, the existence of a cluster of providers specialised in different levels of the same subject area offers substantial incentives for specialisation and collaboration (i.e. to offer ladders for progression to students/trainees between institutions).

In the remainder of this paper, the four variable framework outlined above is applied to the situation of Germany, New Zealand and The Netherlands and lessons for England and drawn. Before this, we clarify the meaning of specialisation and review the key arguments employed in favour and against it in current debates in this area.

Defining specialisation and types of specialisation

Specialisation remains a concept that is not well understood. This is partly due to its multi-dimensional character; Further Education providers can specialise in:

- the subjects in which they have particular teaching expertise or specialist equipment;
- the subjects for which there are strong local/regional skill needs (or the needs of specific groups in the local area, e.g. adults with basic skills needs); or
- a particular age range (e.g. 16-19 year olds, adults).

Specialisation in relation to *teaching expertise* is largely the way that research universities specialise. This is also, to some extent, the model of specialisation chosen for Centres of Vocational Excellence (CoVEs) in the England. However, by contrast to universities, the Centres of Vocational Excellence are also strongly characterised by their links with *local employers*. This second type of specialisation, specialisation through meeting local employer needs, helps departments and colleges to establish closer links with employers, obtain donations of equipment, access to industry-specific knowledge through secondments and extra income from consultancy/advice and assistance to businesses.

These two forms of specialisation are not necessarily contradictory. In recent years it has been widely reported that industry and business clusters depend to a great extent on talent –concentrations of experienced and skilled labour - and the availability of the specialised and customised education and training accessible to them (Porter 1990 Rosenfled et al. 2003). Colleges that truly specialise by subject and offer excellent

provision can also, therefore, help local companies to develop new businesses and shape local skills demand.

The third form of specialisation is specialisation by *age range* of students. Initial vocational training differs substantially from continuing vocational education and training. In particular, institutions catering for young students in initial vocational training need to ensure that vocational qualifications are in parity of esteem with academic qualifications (Williams 1999). They also need to ensure that students/trainees are equipped with the skills that will enable them to continue education and training later in life, along with the specific subjects of their choice, and pay special attention to the opportunities for progression that they provide to young people. The multidimensional character of specialisation complicates policy debates in this area, and the analysis of its drivers and problems, which are reviewed in the next section.

Comparative analysis

Introduction

This section offers a variable-orientated comparative analysis of the experience of FE provider specialisation in the three countries we have selected for our analysis. The section is structured in two parts. First we justify the selection of countries to be covered in this paper and outline the specialisation profile of these countries. Second, the model for explaining variations in the degree of provider specialisation outlined above in this paper (based on the demand for specialised provision, inputs, regulatory

framework and the development of provider and industry clusters) is applied to the countries covered in this study.

Selection of countries for comparative analysis and data sources

We review the innovative experiences in provider specialisation of countries with low unemployment rates for people who have undergone FE. This offers an indication of relatively efficient vocational training provision and tight labour markets. In the context of the EU during the 1990s that includes Denmark, Germany, Luxembourg, The Netherlands, Austria and Portugal. Other countries outside the EU that fulfil this requirement include New Zealand and the USA. Within those countries with low unemployment rates for people who have experienced FE we focus on countries which offer a sectoral approach to training, as is the case of the UK, the country for which we extract policy-lessons in the last part of this paper. As such, The Netherlands and Germany and New Zealand are selected for analysis.

Data for the analysis of recent developments in each country was gathered through a review of secondary data, discussions with country experts and interviews with government officials in each of the countries covered.

Specialisation profile of the selected countries

Germany, The Netherlands and New Zealand have different specialisation profiles, deeply routed in their historical and political background -which cannot be spelled out in detail in the context of this paper. New Zealand's FE system, like England’s, (Lumby and Wilson 2003; Coleman and Keep 2001) has an increasing focus on quality, rationalisation and specialisation of FE provision, which is expected to help

providers meet the needs of employers and catalyse economic growth. In this country there is also a strong tradition of benchmarking and sharing of good practice, as opposed to regulation. New Zealand however has a relatively high number of school leavers without a qualification (just below 20 percent of the age-cohort, compared to less than 10 percent in Germany), relatively high youth unemployment rates and severe skills mismatches, like England: youth unemployment co-exists with skills shortages in many trade and technical areas. New Zealand's government has tried to tackle these problems through a series of reforms based on streaming developed from its Tertiary Education Strategy (TES), some of which are yielding promising results.

Germany, by contrast, has accomplished a degree of specialisation in its FE system that is better coupled with the structure of its economy. This has been achieved through a training decision-making and implementation framework that is based on highly context-specific features of the German industrial and economic structure and which cannot be easily transferred to other countries. This entails high involvement of the social partners in curriculum design and planning (typically strong industry-wide employer associations and trade unions), and not through the provision of funding incentives to training providers (as is the approach in England (Ryder 1996; Kennedy 1997; Lumby and Wilson 2003) and New Zealand).

High levels of industry involvement in vocational training in Germany are encouraged by three main institutional features. First, the financing system for German companies, which is bank-based, rather than equity based. This feature, coupled with legislation that discourages takeovers, relaxes the pressures for short-term performance in German companies – unlike England- and permits companies to

engage in long-term investments such as apprenticeships (Finegold 1991). Second, the German industrial relations system, which places great emphasis on employee representation in company decisions through works councils. This makes low-pay very difficult in the German system. Therefore companies need to compete in international markets through high-quality production for which they need highly skilled workers (Streek 1997). Third, the organisation of production in German firms, as Diversified Quality Production (DQP), based on incremental customization and improvement of products (which depends on having relatively skilled employees giving continuous feedback on how to improve production processes). This type of organization of production, as opposed to Fordist or radically innovative production systems, requires high average skills levels in the workforce (Streek 1992; Culpepper 1999).

The Dutch FE system offers a stark contrast with the German and New Zealand systems. Central government regulation and design feature much more prominently than in those two countries, particularly in recent years. After a strong economic crisis in the 1980s, the Dutch FE system underwent dramatic government-led reforms during the late 1990s through to the early 2000s, to make it more responsive to the needs of the economy. There have been two main elements in the specialisation profile of The Netherlands after these reforms. First, the importance of a sectoral, employer-led approach to training, characterised by a prominent role for employers in curriculum design through the so-called “Kenniscentra" and the Dutch “Technocentres”, which are regional intermediary organisations set up by educational institutions, local businesses, local authorities, manpower services and other partners, aimed at improving the match between the provision of education and labour market

needs, as well as improving the dissemination of best practices. Second, there has been an attempt to incorporate a regional dimension to FE specialisation to make it more relevant to regional economic needs through Regional Training Centres (ROCs) which has, however, taken time to implement and has not been successful in its first years.

Variables affecting the degree of provider specialisation

After having briefly reviewed the specialisation profile of the countries under analysis, this section follows the model outlined in the introduction of this paper to explain the variation in the degree of provider specialisation in the countries under review in more detail.

Demand

The degree of pressure to upgrade and specialise training provision from its users (students, trainees) and those who fund training (students themselves, industry, government) is an important factor determining the FE specialisation profile of a country. In most countries under review, and particularly in New Zealand, there is a determined movement away from following individual demands and choices to responding to industry needs more strongly. In fact, in New Zealand, as also in England and other countries where generic skills have a high value on the labour market and where academically orientated courses enjoy higher reputation than vocational routes, individuals are often reluctant to develop specialist skills through FE courses (Lumby and Wilson 2003, Hodgson and Spours 2005).

Industry demands, however, are better articulated in some countries than others. Germany in particular offers a sophisticated model of decision-making in which industry actually takes the lead in the design and partly in the delivery of initial vocational education and training and has even further responsibilities in continuing vocational education and training. Government sanctions ex-post the proposals articulated by industry, and contributes to the funding of training, although to a lesser extent than in other countries (not least because within the Dual System industry makes substantial contributions through trainees' wages).

The Dutch and New Zealand systems are less institutionalised in the articulation of industry-inputs in the policy decision-making process. In these countries specialisation initiatives to meet the needs of employers have only featured strongly in times of economic crises (Williams and Raggatt 1998). Many of the reforms in the 1980s and 1990s in these countries were geared towards trying to increase curriculum depth and matching it better to the needs of the economy, but mainly through government action and not industry-led initiatives. The Dutch government's efforts to increase collaboration between training providers is a clear example, where government expected that a reduced network of providers would collaborate extensively through specialist regional networks would produce a more easily manageable FE system.

Overall, neither government initiatives (even when consultation with industry is undertaken, as in the case of the Dutch Regional Training Centres) nor individual student choice directly have driven successful specialisation initiatives in the last two decades. The key driver for specialisation in terms of demand has been industry and

the wider economic context of countries. As such, it is difficult in countries like England where funding from employers is small –and therefore can be easily disregarded by educational institutions (Lumby and Wilson 2003)- and channels for communication between social partners and educational institutions are underdeveloped, that specialisation develops as much as in countries where the situation is more favourable to employers in any of these aspects.

Inputs

Key inputs for FE provider specialisation are funding and human resources. Only certain *funding levels* enable providers to acquire the material, machinery and other resources that are required for the provision of specialised training. The German experience shows that this is easier when industry demands are well articulated and met, since the clearer it is that industry will get a return from the FE system the more willing it will be to contribute towards its costs.

Since government resources are limited, this may also mean achieving a certain level of diversification in funding sources, to include employers and students. But if we circumscribe our analysis to governmental block grants per student, which are indeed the prevalent funding source for initial vocational training in all countries reviewed, some countries have gone beyond others in trying to link performance of FE providers and their specialisation to funding levels. As such, New Zealand has recently introduced a new funding framework that differentiates funding allocations for teaching and learning, research and targeted funding for strategic development. In England, by contrast, the funding system is actually designed to deter specialisation.

Since funding follows students rather than strategic development, FE colleges tend to provide general courses, which would appeal to a wide-range of students, even where suitability of provision is doubtful. As mentioned elsewhere, the willingness and ability of colleges to collaborate is the key to addressing this difficulty (Lumby and Wilson 2003).

Second, the *human capital* available to providers is, at least, as important as funding levels in establishing a high degree of specialisation. This is true for both students/ trainees and teaching staff. If students have not reached a certain level of competence (for instance in literacy, numeracy and IT) before they enter FE, the FE system will have to invest in providing them with a second chance to acquire these skills, rather than concentrate on more specific training. At the point of entry into the FE system, New Zealand ranks relatively well in international terms. The UK performed better than Germany, although below New Zealand[2] in PISA 2000 specialisation in FE colleges. Data on qualifications and industry experience of the FE workforce for the countries under review, by contrast, is not available.

Regulatory framework

The way in which collaboration between providers (which may include FE colleges only, but also different forms of partnerships between FE colleges and other educational institutions) is regulated, and the nature of qualification systems and accountability procedures are both important elements influencing the degree of specialisation of FE providers. The "strongest" approach to *collaboration* is mergers.

This approach has been tested more forcefully in The Netherlands. However, the radical change undertaken through intensive merger activity in The Netherlands following a top-down approach has not worked well. The organisational change involved in large mergers in The Netherlands has meant that providers have needed much time to adapt to their new role and their network structures, without being able to modify their curriculum at the same time to make it more responsive to regional needs. This, in turn, has alienated employers and other stakeholders that have not seen the Dutch reform yield the benefits they expected.

New Zealand, by contrast, provides examples of good practice in collaboration between FE and HE, through a very well established system which has preserved institutional differentiation and has stimulated flexible, project-based collaboration, whereas in Germany there are substantial barriers to collaboration between initial VET providers as a result of their restricted financial and legal autonomy, as reviewed in more detail below in this paper.

Regarding *qualification systems and accountability,* the most prominent trends are the developments to take into account new occupational profiles in Germany -with the development of a number of new officially recognised training occupations most notably in new sectors of the economy (IT, telecommunications, and the service industry)- the continuous efforts to create a seamless educational system coupled with institutional autonomy in New Zealand and the development of national qualification frameworks, in England and New Zealand (Young 2003).

[2] The Netherlands did also participate in PISA 2000, but the results for this country are not presented

Indeed, self-management functions of educational institutions in New Zealand will now include a requirement to produce institutional "Charters" and "Profiles", which are expected to drive specialisation through focusing on the strengths of institutions and rationalisation. Both documents have to be approved by the Tertiary Education Commission (TEC) for institutions to be eligible for uncapped students' funds (approximately $1.6 billion in total for 2003). The requirement for Charters was introduced in 2002 and is being implemented gradually. The idea is that, since charters and profiles are multi-year and have learner targets attached, for the first time in New Zealand they will be able to know the supply of skills for each region in the following three years.

But the most radical reforms of qualification systems covered in this paper have been those that have taken place in The Netherlands. In 2003 COLO –the Dutch Association of Centres of Expertise on Vocational Education, Training and the Labour Market- produced the first outlines of what was the basis for a completely new Dutch qualification structure in 2003, based on the concept of competence. This has led to a major reduction in the number of FE qualifications available, from almost 2,000 to less than 300. Whereas these reforms do not necessarily increase the specialisation of FE institutions, they do try to bring the educational system closer to labour market needs and the demands of employers, which are less concerned with qualifications than competences.

At the same time, the Dutch system has put a great deal of attention on increasing the opportunities for assessing and certifying competencies of prior learning, particularly

since they are not reliable due to low sample sizes obtained in this country.

those acquired outside the traditional educational frameworks. Debates on validation of non-formal and informal learning, on the other hand, are forcing decision-makers and educational institutions to think more explicitly about the correspondence between the curriculum they offer and what is actually demanded by industry. It is in this context that a qualification systems based on competences acquires great relevance since the reduced number of qualifications it will make existing qualifications easier to understand by employers.

These recent developments of the Dutch FE system to focus on competences and validate competences acquired outside the formal education system as well as those acquired in the formal system and the general independence of FE institutions in The Netherlands, however, raise problems of accountability and standards. Since FE institutions have the right to independently design their own courses and are responsible for examination of the qualifications gained through these courses they have total freedom in deciding what courses to offer and in what subjects. To address this issue and try to ensure standards are kept they have to stay within the framework that is approved by the national Ministry. Thus, 51 percent of the qualifications achieved by those taking part in any course have to be assessed by independent agencies, so called ‘exameninstellingen’. The institution is free to choose its own assessor, as long as they are listed in a register that assures the quality of the ‘exameninstelling’.

International experiences outlined above show a tendency to restrict available qualifications to a manageable number. They also highlight that institutional autonomy has advantages in that FE institutions are better equipped to meet specific

local needs, but also require solid accountability systems which ensure that standards and a certain degree of consistency between institutions are maintained to keep the currency of existing qualifications at national level. When this is done, further specialisation can be achieved without compromising standards or consistency in the quality of training provision.

Supporting clusters

The availability of industrial and educational clusters is a final element determining the degree of FE provider specialisation. The importance of industry clusters that demand highly specialised training and enable providers to benefit from economies of scale in training delivery is an aspect which has already been touched upon above in this paper. But industrial clusters are not the only type of cluster that can spur FE provider specialisation. The availability of local clusters of providers, their degree of competition and particularly their degree of collaboration can also be key in explaining the type of provision they offer. There are two very different approaches to collaboration between clusters of geographically close training providers in the countries under review: the Dutch model and the German model. New Zealand, on the contrary, has not developed many initiatives in this area.

The first model is provided by the Dutch Regional Training Centres. These centres are characterised by a top-down approach to their planning and setting up. They were government-designed and the Ministry of Education, Culture and Science has overall responsibility for them. All approved Regional Training Centres are funded by the public sector (they are therefore employer-led but publicly funded providers) and fees

are charged to all students above 16. In most cases the regional training centres will carry out their tasks at different locations, often even in different municipalities within a region. They are characterized by the large numbers of students for whom each of the Centres provides training, because of the extensive mergers prior to the establishment of the system. The task of the Regional Training Centres is to provide an entire range of programmes in vocational and adult education: non-formal education for young people, basic adult education, secondary general adult education, apprenticeship training, etc. in at least three educational sectors (engineering and technology, economics and social services, health and care and agriculture and environment). Regional Training Centres aim to let providers pool resources and they are also expected to provide amore manageable system of VET for public authorities than previously.

The idea behind the German Regional Networks is also to pool resources between educational institutions, in terms of both equipment and teachers, which will enable further specialization, but their approach is radically different. Regional Networks are virtual centres, and a common location is not foreseen. They are not an organizational structure but rather a method of coordination of training provision to meet the needs of employers and drive up quality of provision by benefiting from economies of scale. As with the Dutch Regional Training Centres they will provide training for initial and continuing vocational training, although not necessarily for unemployed people, which Regional Training Centres do. A key difference with the Regional Centres is that Regional Networks are functionally organized, subject specific, with providers building on their strengths whereas in The Netherlands all Regional Training Centres have to provide for a number of set subjects. The final organizational shape of the

German Regional Networks is still under debate in many Lander, but some others, like Bremen, have already set up the legal framework for the Regional Network. A third difference between both types of regional organizations is that German Regional Networks activities are *additional* to those normally undertaken by the institutions. Moreover, German networks are largely voluntary and there is no direct financial incentive/ legal imperative for institutions to set up a regional network. The idea is that they need to be supported by the relevant stakeholders directly if they are to be sustainable. In contrast, in The Netherlands Regional Training Centres were used to reorganise the existing activities of training providers.

Thus, both the Netherlands and Germany have established platforms for continuous collaboration between providers at regional level, in order to allow them to pool resources, plan provision and build on their strengths. Their experiences show that regional networks for collaboration are flexible organisational structures, which can in practice adopt a wide range of forms, and do not necessarily need extraordinary funding or regulatory resources to specialise provision.

Lessons for England

In this final section we focus on the lessons for England that we can draw from the previous analysis, firstly in terms of specialisation by subject, specialisation to meet local economic needs and specialisation by age range. We argue that England's current specialisation and labour market profiles suggest that greater efforts should be put on increasing specialisation to meet local and regional economic needs, whereas action in stimulating further specialisation by subject and age range should be subject to caveats.

Specialisation by subject

The aim that specialisation by subject tries to achieve is increasing excellence in training provision or rationalisation of provision, by increasing curriculum depth. These have been long-standing concerns in the English FE system and there are currently a number of initiatives that address quality issues in training provision. But is further specialisation of providers by subject needed alongside existing programmes to drive up quality?

The answer to this question depends to an important extent on the subject areas we refer to. In other words, there is no single recipe for all curriculum areas: some would benefit from increased provider specialisation, whereas other areas by contrast, would not.

In order to decide whether training provision in England should specialise more it is necessary to know where England FE system is positioned in relation to the demands of the labour market. This would entail base-lining the existing supply of skills in a subject area first (for instance through an analysis of existing inspection reports, to map geographically the courses provided and their quality) and analysing mismatches with existing demand from students and the labour market.

Demands from the labour market should be taken into account because students attend educational institutions, amongst other factors (Payne 2002), for job-related purposes (Williams and Raggatt 1998). In this regard, Germany offers a solid system for articulating labour market demands through Chambers of Commerce and a neo-

corporatist model of decision-making. England lacks such institutions, and will probably continue to rely on a system that compares the demand for and supply of training using labour market intelligence to forecast employers' needs and various techniques to assess training supply.

Stimulating demand and take-up of specialised training by learners, however, is more problematic. In Germany, for instance, trainees are ready to invest time and effort and be paid low wages for a relatively long period (on average three years) whilst they acquire company-specific and industry-specific skills partly because of the social protection system available to employees. Generous social protection systems, in particular those that offer strong employment protection, and long job tenures, encourage the acquisition of firm-specific skills. When there is low employment and unemployment protection[3] and labour markets are fluid, most people will prefer to "insure" themselves against unemployment by investing in skills that can be attractive to a variety of employers, simplifying re-employment in the event of job-loss. When social protection is generous, people can invest more confidently in industry-specific skills, because even if they lose their jobs, for instance due to technological change, they will benefit from a safety net that will protect them until they are able to find another job for which they are suitable. England, like New Zealand, ranks low in terms of employment and unemployment protection and average employment tenure in comparative perspective, whereas The Netherlands and Germany in particular rank highly (Iversen 2005).

[3] Employment protection is related to the difficulty of dismissing employees. Unemployment protection relates to the generosity of unemployment benefits.

England's labour market therefore encourages individuals to invest in general skills, transferable across firms, rather than company-specific skills and in career trajectories that include a substantial amount of movement across firms (Hall and Soskice 2001). It is difficult to see how this trend can, or whether it should, be reversed.

This would suggest that FE providers in England should look at specialising not only in the provision of technical skills, but also in high-quality provision of general skills, including subjects such as management, in which England has recognised deficits. Providers specialising in technical skills should be looking at economies of scale (perhaps the strongest argument for specialisation) and at co-operating and pooling resources at various levels to make provision sustainable. Specialisation in general skills, which can be taught by one provider or a small number of providers cross-sectorally, could entail increased rationalisation and reduction of duplication.

Geographical specialisation

The specialisation initiatives seen in this paper have been linked strongly to economic needs, rationalisation of skills supply and manpower planning. There is a tendency towards greater provider differentiation and targeted provision as a means to meet employer needs and, in particular, there is also a tendency towards strengthening the regional dimension. Two out of the three countries under review in this article are implementing or have recently implemented initiatives to enhance FE provider specialisation in order to better meet local and regional skills needs.

In England, the sub-regional/regional[4] dimension in FE provision and planning is still in its infancy. The processes of area-wide inspections and Strategic Area Reviews at Learning and Skills Councils (LSC) local office level and the formation of Skills Partnerships at regional level are still in their early stages and Regional Development Agencies (RDAs) are still to play a real role in regional skills planning. Sub-regional/regional planning enables the pooling of resources and also has a role in ensuring that student choice is preserved. It should ensure that students within a region have adequate choice of provision of appropriate quality, within commuting distance of their residence.

The important point to keep in mind is that the goal of regionalisation is not to have regions competing for different centres of excellence or provider clusters. Rather, it is to determine which provider clusters make sense for which regions. This should be matched with collaboration between providers within and between areas. Those who excel in their provision and have strong links with employers (for instance to review curricula content and to develop new courses of study) should share with other colleges their curricula, skills standards, needs assessment and connections to industry. In England there is substantial scope to develop collaboration between Sixth Forms, FE Colleges and Universities further (Smith and Bocock 1999; Hodgson and Spours 2003; OFSTED 2003; Hall and Thomas 2004).

Specialisation by age group

[4] We use the term 'sub-regional/regional' in preference to 'local/regional' in order to be clear that we are talking about specialising beyond the 'local' area of each provider. Sub-regional areas in the English context may be taken to include the areas covered by the Learning and Skills Council local offices.

Young people have particular learning needs. Their lack of professional experience makes the skills they acquire through education and training crucial when looking for their first job. The more specialised this training is, the better linked to particular industry sectors or even individual companies (as is the case in the German Dual System), the easier it will be for trainees to find employment.

However, as seen in this article, investment in company-specific skills is also a risk, and many young people in England, given the fluid labour markets in this country, also like to acquire general skills that enable them to access a number of different occupations (Payne 2000). In this way, they are also better "insured" against the risk of obsolescence of their skills due to technological change or adverse trends in one sector. Young people also need to acquire a solid foundation of basic skills such as literacy and numeracy and those other skills that will enable them to update their knowledge through their working life.

This commonality in the needs of young people suggests that they have specific needs, which should be addressed through specialist provision that, for instance, places a higher emphasis on numeracy and literacy than provision for older workers does. However, it is also necessary to keep in mind that young people going through FE also train for very different occupations. The particular degree of specialisation required and the scope for rationalisation of provision are both sector-specific. For instance, many of the service sector occupations (such as catering or hospitality for instance), that provide employment for low-skilled young people, require general skills, which can be provided by a relatively small network of specialist providers in each sub-regional/regional area. Technical skills, by contrast, demanded by those

training in areas such as engineering, accountancy or business, will probably benefit from being provided by a rather larger network of providers which specialise in particular sub-subjects or levels. A key point is that young people should not be constrained by administrative barriers and should be able to make full use of these provider networks, for instance being able to use more than one provider to achieve their qualifications.

A particular reference is needed regarding apprenticeships in England. Apprenticeships can provide students with valuable company-specific and up-to-date industry-specific skills, particularly valuable if they are combined with a solid provision of general skills in FE colleges or other training providers (Fuller and Unwin 2003). Apprenticeships are, however, substantially less popular than in other European countries – certainly less popular than in Germany and The Netherlands. Moreover, research has shown that employers in many sectors in England have limited understanding of what a genuine apprenticeship system resembles and still less ability to provide it (Sims and Golden 1998; Kodz et al. 2000; Coleman and Keep 2001). If the work-based route is to specialise further it will require powerful, well-resourced, supportive institutions (similar to the Chambers in Germany or the Kenniscentra in The Netherlands), whereas in the current situation in England individual employers are very often left with the burden of implementing forms of training that are simply beyond the resources and expertise they have available (Coleman and Kepp 2001).

Finally, two points are worth mentioning which affect initiatives in any of the three types of specialisation reviewed above. Firstly, regardless of the type of

specialisation, it is necessary to remember that specialisation initiatives can vary considerably in their scope. Indeed, this paper has reviewed initiatives that vary from the requirement to produce provider charters and mission statements to large scale specialisation that entailed the re-structuring of entire sections of a national training system. Secondly, in spite of the different character of specialisation initiatives, policy-makers have found that specialisation can encounter the resistance of training providers. Appropriate consultation with users and providers helps to minimise resistance. However, even when that is the case, they must keep in mind that results may take time, in particular when organisational change from providers is needed (Lumby and Wilson 2003; Coffield 2000). Although England has a regulatory framework that allows institutional autonomy and providers specialisation, it will have to overcome its current shortcomings in relation to funding and human resources, low degree of collaboration between training providers and insufficient partnership work with industry to make further specialisation attractive to all stakeholders.

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